WAIVER OF NOTICE AND CONSENT OF SPECIAL MEETING

We, the Undersigned, being all members of the Riverhead Town Board of the Town of Riverhead, County of Suffolk, and State of New York, do hereby waive notice of the time, place, date and purpose of a meeting of the Town Board of the Town of Riverhead, to be held at the Town Hall, Riverhead, New York at 10:00 p.m. on the 11th day of June, 2007 and do consent to the holding of such meeting for the purpose of:

COMMUNITY DEVELOPMENT RESOLUTION:

- #7 Authorizes Chairman to Commence Negotiations For The Development of a Contract of Sale for A 300+-Parcel of Property Within the Light Industrial Portion of the Epcal Site.
- #559 Authorizes the Temporary Use of Town Equipment to Kent Animal Shelter

(Please See Attachef)
Dated: June 11, 2007
Media Notified by

Supervisor

TOWN BOARD MEMBERS of Riverhead, New York

Supervisor

Councilman

Councilwoman

Councilman

Councilman

- #560 Reduces Irrevocable Letter of Credit of Edward Carrera (Subdivision Entitled, "Edward Carrera at Old Field Court")
- #561 Accepts 5% Security of J. Petrocelli Contracting, Inc. (Stop & Shop A/K/A Richmond Riverhead Realty, LLC).
- #562 Authorizes Town Supervisor to Execute Change Order No. 1 For Calverton Enterprise Park Phase 1.
- #563 Authorizes The Supervisor to Execute an Agreement to Spend Town Highway Funds for the Repair and Improvement of Various Highways Throughout the Town.
- #564 Authorizes the Town Attorney to Order an Appraisal For Real Property Commonly Known as Miamogue Point, South Jamesport, owned by Fort Pat Motel, Inc.
- #565 Riverhead Housing Development Corp. Budget Adoption.

Minutes of the Community Development Agency meeting held by the Town Board of the Town of Riverhead at Riverhead Town Hall, Howell Avenue, Riverhead, New York on Monday, June 11, 2007 at 10:15 a.m. May 1, 2007, at 7:00 p.m.

Present:

Philip Cardinale, George Bartunek, Edward Densieski, Barbara Blass, John Dunleavy, Chairman Member Member Member Member

Also Present:

Andrea Lohneiss,

CDA Director

Barbara Grattan,

Town Clerk

Jack O'Connor

Chairman Cardinale: "Address Resolution #7 which is CDA Resolution #7 so I'm opening the meeting of the Community Development Agency which each of serve as commissioners of and which owns the parcel at EPCAL. And I'd like— I guess George to present the resolution we are going to consider and Eddie to second it and then have some discussion. I think you wanted to have a little discussion on it. Okay."

Member Bartunek: "Authorizes the Chairman to commence negotiations for the development of a contract of sale for a 300+-acre parcel of property within the light industrial portion of the EPCAL site. So moved."

Member Densieski: "Second the motion."

Chairman Cardinale: "Moved and seconded. Discussion."

<u>Member Blass:</u> "Yes, just a question. Is Mr. O'Connor here? I just wanted to clarify something that's on the chart just to make sure I'm looking at the right figure."

6/11/2007minutes

Chairman Cardinale: "Have a seat, Jack."

Member Blass: "This is the chart that was provided to us on Thursday evening to help us make a decision here. On the Beechwood proposal, there is a \$750,000 incentive that's factored in here but I'm assuming that that number is correct and not the formula. Because this formula could never have—that's in error."

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<u>Jack O'Connor:</u> "That's wrong. It's 10% of everything over 200,000."

Member Blass: "Okay. So we can--"

<u>Jack O'Connor:</u> "That's based upon a sale of 75 acres."

Member Blass: "So this is correct and that is incorrect."

Jack O'Connor: "Sorry about that."

Member Blass: "That's okay. Is there any relevance to this under this is 3A, 3A— I know that means 3B, but #4 here where we talk about an assumption of 75 acres being sold and then there is this parenthetical phrase that talks about four million square feet of buildable space. I didn't think we were factoring anything in there relative to four million square feet."

Jack O'Connor: "I don't know why that's in there. It shouldn't
be in there."

Councilwoman Blass: "So it's not— okay, thank you. I
apologize. I just like to under stand and know what it is—"

Chairman Cardinale: "Thank you for that."

Member Dunleavy: "Wait, I have one question. I've got one
question."

Member Densieski: "Further discussion. Go ahead, John."

Member Dunleavy: "Okay."

Chairman Cardinale: "Did you have a question, Ed?"

Member Densieski: "A couple."

Member Dunleavy: "Yeah, I got one, too."

Member Densieski: "We're not making any representation of
square feet."

Chairman Cardinale: "That's correct."

Member Densieski: "They're going to find out during their due diligence but what I am concerned about are the minimums. And first of all, I'd like to find out if were any higher offers over the weekend. I know these things have been coming back and forth. I mean, is this the highest offer?"

Chairman Cardinale: "It's the highest we're aware of and certainly I would want to be aware of any other offers."

Member Densieski: "Jack, no higher offers, no counters? Okay. So in your opinion, what is the minimum that we're going to get at closing?"

Chairman Cardinale: "The minimum at closing is as indicated in the chart that Jack indicated. The minimum would be 35 million but I would expect with, for example, Rechler, that since we're going to be closing with a map in all likelihood that there would be envelopes on the map showing the square footage and if that square footage as we anticipate is in excess of two and a half, say three million or a maximum of three point two, that they would at that point once you could place it on the map, they would have to pay that. So if it was three million, that would be an additional four million."

Member Densieski: "Okay. I thank you for the clarify of that. And I agree— I like that. What would you say the minimum guarantee is above the 35 million? Do we know that number?"

Chairman Cardinale: "Um, yeah, they— at one point one of the other entities, I think Beechwood as a matter of fact, moved to three million believing that they were satisfied they could get a minimum of three million. If you calculate the maximum square footage, it would be 3.27 that you could put on that parcel."

Member Densieski: "But we don't know how many feet you can get. I want to know what the minimum guaranteed amount of money we're going to get, the minimum guaranteed—"

for— first of all I do not intend once I'm authorized to negotiate with someone, I don't intend to represent any square footage. They're going to have to look at the zoning, but if, in fact, the map that is—that the deal is subject to, you have to have a map. If the map can accommodate with a footprint that would be a building envelope, I would expect it to accommodate at least 3 million square feet. In that case, you would receive four million dollars."

Member Densieski: "Okay, but those are conditional, those
aren't guarantees."

Chairman Cardinale: "That's correct. If you really want to look— if somebody— but it's interesting that you should ask that question because we've also had this much of discussion. We're not going to be paid on what is built. We are going to be paid on the buildability— "

Member Densieski: "Understood."

Chairman Cardinale: "So that once I can show it on envelope,
I'm entitled to the payment— the building envelope."

Member Densieski: "All right. So the only thing we can say is
that we will get a guarantee of 35 at closing. We can say that?"

Chairman Cardinale: "Absolutely. We can say that."

Member Densieski: "Okay."

Chairman Cardinale: "And of the— and there are a couple profit sharing incentives as you know and the one that I think that we're discussing on Rechler, they show \$8.00 for every square foot over two and a half million. I anticipate that at the time of closing, the map will show at least three million and therefore we would be entitled to another four million. But I do not consider that guaranteed."

Member Densieski: "I understand. One second, Mr. Supervisor. I would like to add one Resolve to the resolution if I could for the board to consider. I'd like to add another Resolved that says: Resolved that the closing price of \$35,000,000 plus profit sharing are minimums and cannot be reduced during contract negotiations."

<u>Chairman Cardinale:</u> "Yes. And I understand why you're doing that and I don't have any problem with that addition. I did speak with the parties and they confirm that they understand that. That

when we go into— I'm going to— whichever of the three prevails today I intend to pick up the phone, ask them what their attorney's name is, pick up a phone and have Mr. Isler contact their attorney and move to contract on the terms set forth here which is as you said we're not going to be talking about going backwards— "

Member Densieski: "Right."

<u>Chairman Cardinale:</u> "-- or for that matter forwards. We're going to be implementing this arrangement which is \$35,000,000 respectively and the profit sharing."

Member Densieski: "Okay. So it's— do any of the board members have a problem with that addition?"

Member Dunleavy: "No."

Member Blass: "No. I think it actually removes a degree of
speculation which we're all concerned about."

Chairman Cardinale: "Okay. Do you want to recite that for the
town clerk, please?"

Member Densieski: "Sure. Resolved that the-"

Barbara Grattan: "Do you have this written down, Eddie?"

Chairman Cardinale: "Go ahead, Eddie."

Member Densieski: "Resolved that the closing price of \$35,000,000 plus profit sharing are minimums and cannot be reduced during contract negotiations."

<u>Chairman Cardinale:</u> "And you might want to say profit sharing as set forth in the final offer."

Member Densieski: "Yeah."

<u>Chairman Cardinale:</u> "Okay, you got that? So Resolved that the closing price of \$35,000,000 plus profit sharing as set forth in the final offer are minimums and shall not be reduced during negotiations. Anything else?"

Member Blass: "Just two more things that I'd like to make sure that we consider as we move forward. One is that we're definitely not

dealing with a Phase II as had originally been proposed by Rechler. The terminology for future aviation use that is factored in on the letter dated May $31^{\rm st}$ with respect to any and all aviation purposes, I'd like to make sure they understand it would be pursuant to zoning and not any and all aviation purposes."

Chairman Cardinale: "Right."

Member Blass: "And the third thing was I would like to go on record ensuring that there will be a commitment to green building construction. And I know these are things that will come out during the negotiations. I'd like to say them up front."

<u>Chairman Cardinale:</u> "Good. I understand what you just said and I intend to urge that green building. I also intend— I don't intend to do any zone changing other than to the extent that we're not going to preclude use of the runway if it's requested through a— what do they call those thing that we've been giving out?"

Member Blass: "Runway use agreement."

Michael Adler: "Michael Adler, Beechwood. We were unaware the
increase-"

Member Dunleavy: "Well, maybe he could use the microphone? Could you use the microphone?"

Barbara Grattan: "Could you state your name again, please?"

Michael Adler: "Michael Adler from the Beechwood Corporation. The incentive of price per square foot, originally we had thought that it was unrealistic to build over 2.5 million square feet even though you might be allowed to build up to three million square feet. In light of the recent specifics on this incentive from Rechler Equity Properties, the Beechwood organization would like to match that incentive as well. So anything over 2.5 million square feet, if you are able to at \$8.00 a square foot, Beechwood organization, NCLK (phonetic) Properties will match that incentive."

Member Densieski: "What's your minimum offer at closing?
What's your price at closing right now."

Michael Adler: "It's \$37,000,050 plus whatever the build out
might be on this property less 2.5 million square feet."

Chairman Cardinale: "I want to have you have an opportunity to
verify that with your principal."

Michael Adler: "I actually just got off the phone. He is well
aware of it."

Chairman Cardinale: "Okay, go ahead, please, with your
comment."

Member Blass: "Mr. Adler, I sent the revised offers Friday morning and faxed them to the organization and I received a confirmation back on Friday because as we have said in the interest of fairness, everyone needs to know the target has changed and I did received a confirmation which I can provide to you that your office received the updated information on Friday morning."

Michael Adler: "Okay."

Member Blass: "I'm just surprised now because the hope was that you would have responded before the end of the day certainly."

Michael Adler: "I think there was just confusion on this actual incentive as to what the specifics were of it, as to when you were actually paying it out. If it was going to be after eight years which we thought, we— people would not want to build out more than 2.5 million but now that we are told that it's going to be at closing, then we will comply with it. We would like to take the incentive, we'd be happy to offer it."

Member Blass: "Didn't want anybody to think that—because, Ed, we talked about making sure everyone go it, did fulfill that obligation."

Chairman Cardinale: "Well, I'm pleased but also confused, so
stay up there."

Michael Adler: "Okay."

<u>Chairman Cardinale:</u> "The move from Beechwood to 37 up front, 37-50, was occasioned by the removal by Beechwood of the 3% of construction costs which was \$7.2 million dollars by the $10^{\rm th}$ year, not later than the $10^{\rm th}$ year. They moved it into the—they moved

their offer from four million fifty thousand which was the current value of the 7.2 million at 10 years. So actually they never moved off 33, they simply moved 7.2 in 10 years, excuse me, up to immediately at closing.

If you are— as far as I can see in this chart, you never, never made an offer— and correct me if I'm wrong, that related to square footage and you never— and it was never part of your offer that you would pay— or maybe it was at \$9.33 at one point?"

Michael Adler: "That's correct. Yes, it was."

<u>Chairman Cardinale:</u> "Okay. Now that I believe came out of the offer much earlier."

Michael Adler: "Yes, it did."

Chairman Cardinale: "That you were going to pay 9.33 per square foot over 2.670. When you moved from the 20's into the 30's in your bid, you removed that \$9.33 per square foot over 2.670.

Now this morning, I think, that you're saying to us that you are prepared to leave an offer of \$37,000,050 at closing, you're prepared to add to that payment for every bit of the building envelopes that can be shown at closing on the subdivision map, so, for example, if I look at your subdivision map and I have a building envelope of 3.1 million, I would be—we would be paid at closing for 600,000 additional feet. At what dollar amount?"

Michael Adler: "We will match it at the \$8.00 amount."

Chairman Cardinale: "At the eight, not the 9.33."

Michael Adler: "That's correct."

<u>Chairman Cardinale:</u> "So that would be 4.8 million dollars, foe example. So let's assume it to be 300,000 square feet as we have, that will be \$4,000,000, so you're offer would be essentially \$41,000,000 at closing as opposed to Rechler's 39."

Michael Adler: "That's correct."

<u>Chairman Cardinale:</u> "In addition, you would be offering— for every year that you— for every year that you finish earlier than 10, a million dollar bonus to the town, and for every year that you finished

later than 10- "

Michael Adler: "A million dollars."

<u>Chairman Cardinale:</u> "-- a million dollar penalty to the town and in addition, if you sell acreage of any of the 300 acres that goes out at more than \$200,000, we would receive 10% of the difference between 200 and whatever that number is."

Michael Adler: "Whatever that number is. Yes."

Chairman Cardinale: "Okay."

Michael Adler: "You are correct."

<u>Chairman Cardinale:</u> "Okay. It's rather late to have a new bid to say the least, but this is a better offer than the Rechler offer cash-wise. There's also the factor of who can bring this home most effectively, but it is a new development.

Michael Adler: "Okay."

Chairman Cardinale: "So if you want to use my office, go right
ahead, and they'll let you get a written confirmation.

Michael Adler: "Thank you."

<u>Chairman Cardinale:</u> "Yeah, let's do the balance. We'll go back to the town meeting. We'll adjourn the CDA meeting. We're going to adjourn the CDA Meeting until 11:05."

Meeting adjourned: 11:05 a.m.

Doubara Grattan

Town of Riverhead Community Development Agency



Resolution # _7____

AUTHORIZES CHAIRMAN TO COMMENCE NEGOTIATIONS FOR TH	E
DEVELOPMENT OF A CONTRACT OF SALE FOR A 300+- PARCEL OF	7
PROPERTY WITHIN THE LIGHT INDUSTRIAL PORTION OF THE EPC	AL
SITE	
COUNCILMAN BARTI INFK	

		offered the following resolution, which was
seconded by	ı	COUNCILMAN DENSIESKI

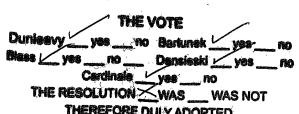
WHEREAS, in October 2006 the CDA Board did authorize by Resolution #12 the preparation and issuance of a Request for Proposals for the office park and light industrial portions of the EPCAL property; and

WHEREAS, following receipt of said proposals on or about December 28, 2006, the CDA did review the responses with respect to the criteria set forth in the RFP, interviewed the entities presenting offers for the site, requested modifications to acreage and uses in order to comply with the subject Light Industrial zoning use district, and determined that proceeding at this time with contract negotiations is in furtherance of the intent of the public law (103-337) authorizing transfer of the property, is consistent with the goals and objectives of the Comprehensive Reuse Plan (1996), is consistent with the goals and objectives of the Calverton Enterprise Park Urban Renewal Plan (1998), the Light Industrial Zoning Use District, and the Empire Zone, and is in the best interests of the Town of Riverhead taxpayers and residents.

THEREFORE, BE IT RESOLVED, that the CDA hereby authorizes the Chairman to retain Smith, Finkelstein, Lundberg, Isler and Yakaboski, LLP as counsel for the commencement of negotiations between the CDA and Rechler Equity Partners for the sale of approximately 300 acres of real property located within the Light Industrial Zoning Use District at the EPCAL site.

BE IT FURTHER RESOLVED, that the closing price of \$35 million as set forth in the final offer, as well as profit sharing incentives, are absolute minimums and cannot be reduced during contract negotiations.

BE IT FURTHER RESOLVED, that the Town Clerk shall provide a copy of this resolution to the CDA, Town Attorney, Planning Department, the law firm of Smith, Finkelstein, Lundberg, Isler and Yakaboski, LLP (456 Griffing Avenue, P.O. Box 389, Riverhead, New York 11901), and a certified copy to Rechler Equity. (c/o Gregg Rechler, Rechler Equity Partners, 225 Broadhollow Road, Suite 184W, Melville, NY 11747).



SPECIAL BOARD MEETING:

The Special Board Meeting was called by Supervisor Cardinale at 12:00 p.m.

Present:

Supervisor Cardinale Councilman Densieski Councilman Bartunek Councilwoman Blass Councilman Dunleavy

Also Present: Town Clerk, Barbara Grattan

<u>Supervisor Cardinale</u>: Opened the Special Board Meeting at 12:00 pm with Community Development Agency Resolution No. 7.

Resolution No. 7

AUTHORIZES CHAIRMAN TO COMMENCE NEGOTIATIONS
FOR THE DEVELOPMENT OF A CONTRACT OF SALE
FOR A 300+-PARCEL OF PROPERTY WITHIN THE LIGHT
INDUSTRIAL PORTION OF THE EPCAL SITE.

<u>Councilman Bartunek</u> offered the resolution, which was seconded by Councilman <u>Densieski</u>.

The VOTE: Dunleavy, I just want to make a few comments, before I vote. This has been a thorough and an objective process beginning in early in 2006. The Town Board rezoned 450 acres from Recreational Use to Light Industrial Use because we believe that the demand for Industrial space existed and the value of the land would be greater than the recreational use. We then sent out an RFP asking for offers and demonstrated experiences. We got offers from 15 million, to 16 million to 20 million and with the negotiation process in place, we received many bids and I'd like to thank Beechwood, Reichler and Soundview, the three finalists for their bids. We have evaluated each one in terms of price, experience and ability to perform. To have attracted offers from developers of teams with the expertise to undertake a project of this size and scopes, speaks to the town efforts of its as professionalism. Over the past few months, the town has benefited from the competition between offers and has seen significant increases of the prices offered for the 300 acres. We started out at 600 and we're getting double for 300. It is time to chose a firm, negotiate a contract and do with this property what it was intended. Let the private sector, the best in the infrastructure and pay taxes. We want to get these buildings on the tax rolls as fast as possible and create new jobs for our community. That's what we were given the property for. This is the responsible action for the town to take for its tax payers. I have to vote yes on this; because Reichler has a six million base to choose from. They have in house services, they have the

experience and I think they will get the job done faster than anyone else. Again, I want to thank Beechwood and Soundview for this process. Thank you very much, I vote <u>YES</u>.

<u>Bartunek</u>: "I agree with what John just said; is that Reichler seems to be the one most qualified. They have the staffing to make this work most efficiently and also get it on the tax rolls as quickly as possible. So I vote Yes."

Blass: "I apologize that some of these comments are repetitive; but if this had been entirely up to me, I would have standardized the perimeters, have each entity come back with their offer; because no matter how you look at it, we are not comparing apples to apples and some incentives are clearly more speculative than others. All three entities are definitely capable; and have conducted themselves during these negations with the utmost of professionalism, and I hope you all continue to have an interest in working with the Town of Riverhead in the future. Remove politics and personalities from the decision making process, but not record of performance, and in the end with all other things being almost equal, the deciding factor for me was the demonstrated history that the entity making the offer has worked successfully as a team. The other entitles, while successful each in their own right, have not collaborated on a project such as this before. On behalf of the town, I don't believe this is the project to put them to the test. My vote is for Reichler Equities and I sincerely thank the Beechwood and Soundview Organizations for their interest. I vote <u>Yes</u>.

Densieski: "I'm sad, but I'm glad. I glad because I feel at least partially responsible for the expansion of the Industrial Zoning on the east side of the property; and that will directly result in good jobs, an increased tax base that our taxpayers desperately need. I'm also glad because we're making a decision. A positive action is being taken that will help bring some prosperity to Riverhead. I'm sad because the land is being sold cheaper than I think it's worth, even with the increases in the last two weeks, but this is certainly much better than the old Grumman give away. Remember that one? Five hundred acres of Industrial Land, a million square feet of Industrial Buildings and the infrastructure for seventeen million dollars. So we're doing a lot better than the old days. I'm also sad, because I believe the town should preserve one hundred of the three hundred acres; just sell two-thirds of the property, because when they build out their world class Industrial Park and they will, the town would now have one hundred acres of prime industrial property right next to a world class industrial park, that would literally be worth a fortune, that' crystal clear to me. I voiced that idea with my colleagues without any support. So that brings us to this resolution. Before I vote, I want to thank all three companies for their time and effort. All three companies are great companies and I believe all three could have done the job. With that being said, it's Reichler Equity Partners that have the support of the board. I wish the Reichler team all the success in the world because if they succeed we the taxpayers succeed. On this historic day on the historic vote, I vote Yes.

Cardinale: Any of the remarks that were just made by the four board members, I share. The sentiments, some of you probably saw the Newsday editorial," Do Right by Riverhead" that this vote could turn the corner for our town; and I think it has potential to do that, and I'm very pleased that the board has come together for this. I'm also pleased, that this is actually one of the things that was discussed at our last electoral cycle; and Ed should take some credit for the zone change to Industrial which I supported, but had been discussed before I got here, and I think it's a great idea for those acres. It's also evident that we've talked together and have been attacked by each other's thoughts, for example, we have retained the business, 150 acres and 111 acres of the Industrial Zone for further sale at a future time, when its value is greater, because I hope the Reichler Development makes it greater. So we've been impacted again by its thoughts there; and I think that's very very important, because this board was all over the place on this matter and we've come together as an unanimous board which is a tribute to the board and to its thoughtfulness. The extended discussion as has been discussed, has proven valuable to our town, and I want to commend the board and Jack O'Connor for balance of a steady hand; and we have seen these offers move from thirteen million or so to nearly forty million dollars with incentives and that could only be a good thing for our town. Here we are at the vote here, and we didn't take the last hour just to talk one on one with each other; because it was an easy decision; but we also, incidentally every discussion in this matter, has been in public. We did not go into private sessions at any time; we have discussed this in public and has never been brought in one board member discussing it in private with one other board member. So I think that part of the process is important. Now we have an offer which is clearly two million fifty thousand dollars higher from Beechwood, our consideration; but an offer from Reichler that is very considerable and which I think clearly reprehends the experience. As I tried to think this through, in the best interest of the town, this was my reasoning, was not unlike the other members of the board. The objective here is to do what Bob Keiler in his editorial talks about today, to pick the developer with the best chance to do it right and bring Riverhead around the corner as a town. I still don't like leaving two million fifty thousand on the table; but I believe that it is the right thing to do for these reasons. I believe it is more likely that we will get it, that two million and more back with the early finish from this developer and a bonus of a million a year for every finish before ten years. Finish seven years, which I think they can do, we make three million dollars which makes this offer that much higher. I believe that if we finish early, we will establish a tax base earlier, and as have pointed out by I think John, our objective here has always been for the (inaudible) to create great jobs, to create a stable and a greater tax base, to diminish taxes for the rest of the town and to be sensitive to the environment in the process. So I think the early finish bonus and the early establish tax base can bridge that gap. I think the reason this team is going to be able to do this job, is because they have an existing base of industrial tenants, six million square feet from which to pull out here to the EDZ, Economic Development Zone area that is our Industrial Park. They have the experience in building an Industrial Park although smaller ones from the ground up four times in the last fifty years which is the other teams did not. They have in house architects, engineers, environmental consultants on staff and ready to move and that they are in place ongoing organization as opposed to two joint venturing organizations coming together for a specific project. For those reasons, I vote <u>YES</u> on this resolution and I also thank all those who participated in the process.

The resolution was thereupon declared to be duly adopted.

Labara Statlan Lours Pers.

The meeting adjourned at 12:14 pm.